

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES

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E.O. 11652: GDS

TAGS: PFOR, XM, AR

SUBJECT: PRE-IG REVIEW OF ARGENTINA CASP

REF: A) A-85 OF APRIL 11; B) B.A. 3602; C) B.A. 4024

1. THE PRE-IG MET JUNE 17 TO REVIEW THE ARGENTINA CASP.

THE GROUP EXPRESSED RECOGNITION OF AND APPRECIATION FOR THE
CONSIDERABLE AMOUNT OF EFFORT DEVOTED BY THE EMBASSY TO
PREPARATION OF THE CASP. HOWEVER, PRE-IG CONSENSUS WAS
THAT THE DOCUMENT COULD BE GREATLY STRENGTHENED BY SELECTIVE
REVISIONS AND SOME ADDITIONS.

2. THE PRE-IG UNANIMOUSLY CONCURRED WITH EMBASSY'S DELETION
OF ORIGINAL ISSUE NO. 1. AS PRESENTED, THIS WAS NOT A MAJOR
ISSUE REQUIRING WASHINGTON REVIEW. PRE-IG ALSO AGREED WITH
EMBASSY (REF C) THAT IN VIEW OF GOMEZ MORALES' RESIGNATION
AND NEW GOA ECONOMIC STRATEGY, ECONOMIC PORTION OF CASP
SHOULD BE REVISED AND UPDATED. PRE-IG'S VIEW WAS THAT
MAJOR DEFINABLE ISSUE IN THE ECONOMIC AREA CONCERNED PRO-
TECTION OF U.S. INVESTMENT. DISCUSSION ON PAGE 16 (PARA 3)
COULD BE EXPANDED INTO AN ISSUE DEALING WITH ARGENTINE
NATIONALIZATION POLICY AND OTHER CONDITIONS OF INVESTMENT

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WHICH HAMPER U.S. CORPORATE ACTIVITIES IN ARGENTINA, AND

WHICH IN TURN MIGHT AFFECT OUR BILATERAL POLITICAL
RELATIONSHIP IN THE CASP PERIOD. THE ISSUE MIGHT BE

STATED AS FOLLOWS: QUOTE. GIVEN THE NATIONALISTIC APPROACH LIKELY TO CHARACTERIZE ARGENTINE ATTITUDES AND POLICIES TOWARD SOME, IF NOT ALL, FOREIGN INVESTMENTS IN THE CASP TIME PERIOD, WHAT CAN, OR SHOULD, THE U.S. GOVERNMENT DO TO PROTECT THE POSITION OF U.S. FIRMS OPERATING IN ARGENTINA? UNQUOTE. IN DEVELOPING ISSUE RESOLUTION EMBASSY MIGHT CONSIDER VARIOUS U.S. POLICY APPROACHES SUCH AS 1) EXTENSION OF GOOD OFFICES TO INTERESTED U.S. FIRMS; 2) SUASION BY SENIOR U.S. OFFICIALS 3) TERMINATION OF USG MORAL SUPPORT FOR ARGENTINE LOAN REQUESTS; 4) UTILIZATION OF POSSIBLE GOA INTEREST IN DEBT RESCHEDULING AS LEVERAGE; 5) USG OPPOSITION TO ARGENTINE LOAN REQUESTS IN IFIS; 6) NOTIFICATION TO CONGRESS THAT GOOD FAITH NEGOTIATIONS REQUIRED BY TRADE ACT FOR EXTENSION OF GSP TO COUNTRIES IN WHICH EXPROPRIATIONS HAVE OCCURRED ARE NOT TAKING PLACE IN ARGENTINA. FOR EMBASSY'S BACKGROUND, PRE-IG MEMBERS WERE UNANIMOUS IN VIEW THAT IN PRESENT CIRCUMSTANCES THE ONGOING POLICY, WHICH IS A COMBINATION OF 1 AND 2 ABOVE, REMAINS MOST APPROPRIATE. THE EMBASSY IS URGED TO BE AS SPECIFIC AS POSSIBLE IN TREATING THIS ISSUE. ISSUE RESOLUTION RECOMMENDATION IN PRESENT DRAFT (P. 7 AND 8) REFERS TO QUOTE A FLEXIBLE UNQUOTE USG POSITION, BUT THEN URGES QUOTE FIRM SUPPORT UNQUOTE FOR U.S. COMPANIES WHICH EXPERIENCE DIFFICULTY. IN ABSENCE OF CLEARER STATEMENT OF WHAT IS MEANT BY THOSE TERMS, RECOMMENDATION IS OF LIMITED UTILITY.

3. PRE-IG ALSO REQUESTED THAT EMBASSY REFORMULATE ISSUE 3 WHICH WAS SUBMITTED IN REF B. AS STATED, ISSUE AND ANALYSIS READ LIKE CONTINGENCY PAPER RATHER THAN CASP. PRE-IG RECOGNIZED DIFFICULTY INVOLVED IN FORMULATING COHERENT FORWARD STRATEGY IN ARGENTINE POLITICAL ENVIRONMENT, BUT GENERAL VIEW WAS THAT BY FOCUSING MORE CLEARLY ON SPECIFIC U.S. INTERESTS, AND PROJECTED ARGENTINE POLICY APPROACH TOWARD U.S. IN THE PERIOD, A STRATEGY COULD BE DEVISED TO COVER LIKELY ARGENTINE POLITICAL VARIATIONS. THE PRE-IG RECOMMENDED THE FOLLOWING ISSUE

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FORMULATION: WHAT SHOULD THE OVERALL U.S. POLICY APPROACH TOWARD ARGENTINA BE AT THIS TIME OF POLITICAL UEX SND UNCERTAINTY? WITH RESPECT TO SUBSTANCE OF ISSUE RESOLUTION AS PRESENTED IN REF B, PRE-IG FULLY AGREED THAT IT

WOULD BE INAPPROPRIATE FOR USG TO SINGLE OUT AND EMBRACE LOPEZ REGA. HOWEVER, GENERAL VIEW WAS THAT PRESENT FORTHCOMING, SUPPORTIVE POLICY TOWARD MRS. PERON'S GOVERNMENT, IN WHICH LOPEZ REGA HAS BEEN THE STRONGMAN,

HAS BEEN EFFECTIVE. IT IS NOT CLEAR IF EMBASSY IS SUGGESTING THAT A LESS FORTHCOMING APPROACH TOWARD THE PRESENT GOVERNMENT WOULD SERVE LONG-TERM U.S. INTERESTS

IN ARGENTINA. IF THIS IS THE CASE, HOW SPECIFICALLY MIGHT THIS POLICY CHANGE BE MANIFESTED? WITH RESPECT TO LOPEZ REGA, WOULD THE EMBASSY CONSIDER DEALING WITH HIM ON MATTERS OUTSIDE THE PURVIEW OF THE SOCIAL WELFARE MINISTRY TO BE DISADVANTAGEOUS? IN VIEW OF STRONG POSSIBILITY THAT SHE WOULD BE ACCCOMPANIED BY LOPEZ REGA, SHOULD WE NO LONGER PURSUE THE IDEA OF A POSSIBLE VISIT BY MRS. PERON TO WASHINGTON PRIOR TO THE END OF HER TERM? THE PRE-IG URGED THAT THE EMBASSY'S REDRAFTED RESOLUTION OF THIS ISSUE FOCUS MORE CLEARLY ON DEFINABLE U.S. INTERESTS AND DOWNPLAY MORAL JUDGMENTS AS TO THE FITNESS OF THIS OR A SUCCESSOR GOVERNMENT TO LEAD ARGENTINA.

4. PRE-IG RECOMMENDED THAT THE EMBASSY INCORPORATE APPROPRIATE MENTION OF THE PROPOSED MASTER DATA EXCHANGE AGREEMENT INTO TREATMENT OF U.S. NATIONAL DEFENSE INTEREST. PRE-IG ALSO REQUESTED EMBASSY TO ELABORATE ON RATIONALE FOR GREAT INCREASE IN FMS RESOURCE LEVEL SHOWN FOR FY-77.

5. THE PRE-IG DISAGREED WITH EMBASSY'S ASSERTION ON P. 11 (WORLD ORDER INTEREST) THAT OF FOUR KEY L.A. COUNTRIES ARGENTINA IS QUOTE MOST LIKELY TO BE USEFUL TO U.S. EFFORTS....UNQUOTE. EMBASSY MAY WISH TO RECONSIDER THAT THOUGHT. SIMILARLY, PRE-IG WAS SURPRISED BY PREDICTION OF DIMINUTION OF ARGENTINE-BRAZILIAN RIVALRY (P. 11 AND 12) AND REQUESTED EMBASSY TO REVIEW THE APPROPRIATE PARAGRAPHS.

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6. THE U.S. HAS AN IMPORTANT INTEREST IN NUCLEAR NON-PROLIFERATION. THE PRE-IG BELIEVED THAT THE U.S. INTEREST IN DISCOURAGING ARGENTINA FROM DEVELOPING A NUCLEAR WEAPONS CAPABILITY SHOULD BE SET FORTH IN GREATER DETAIL, PERHAPS AS A SEPARATE ITEM UNDER OTHER INTERESTS ON P. 18. SIMILARLY, THE PRE-IG URGED THE EMBASSY TO DISCUSS THE U.S. INTEREST IN HUMAN RIGHTS IN ARGENTINA. THIS MIGHT ALSO BE ACCOMPLISHED BY CREATION OF A SEPARATE ITEM UNDER OTHER INTERESTS.

7. FOR EMBASSY'S INFORMATION, WE PLAN RECOMMEND AMBASSADOR HILL DURING HIS CONSULTATION NEXT WEEK THAT FINAL SENTENCE OF AMBASSADOR' OVERVIEW BE ALTERED TO READ AS

FOLLOWS: QUOTE. SO LONG AS HER GOVERNMENT OR ANY SUCCESSOR TO IT, RETAINS THE CURRENT POSTURE VIS A VIS THE UNITED STATES WE SHALL STRIVE TO MAINTAIN THIS RELATIONSHIP. UNQUOTE.

8. THE EMBASSY IS REQUESTED TO SUBMIT RECOMMENDED REVISIONS AND ADDITIONS BY CABLE PRIOR TO JULY 7. KISSINGER

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<< END OF DOCUMENT >>

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